

Senate Bill 1231(Committee on Revenue and Taxation) Chapter 941
Board-sponsored housekeeping measure

Effective January 1, 2000. Amends Section 25205.9 of the Health and Safety Code, amends Section 42886 of, and adds Section 42886.1 to, the Public Resources Code, and amends Sections 63.1, 66, 75.51, 402.9, 531.2, 531.8, 602, 1622.6, 1624, 1624.05, 2512, 2610.5, 2613, 2910.1, 3437, 3692, 4222.5, 4837.5, 4985, 8877, 30103.5, 30188, 30436, 38631, 43010.1, 43011.1, and 50159 of, adds Sections 69.4, 168.5, 237, 1612.5, 1612.7, 1624.3, 1636.2, and 1636.5, and repeals Section 3440 of, the Revenue and Taxation Code.

Board of Equalization-sponsored technical and housekeeping measure that:

- 1. Clarifies that CUPA payments made for the previous year are eligible for the generator fee refund. (§25205.9 of the Health and Safety Code)**
- 2. Allows the Board to require reporting periods other than a quarterly basis for tire recycling fees. (§§42886 and 42886.1 of the Public Resources Code)**
- 3. Deletes the references to two repealed penalties under the Use Fuel Tax Law. (§8877)**
- 4. Adds references to tobacco products which conform to cigarette tax provisions. (§§30103.5 and 30188)**
- 5. Corrects a reference to definitions in regards to the childhood lead poisoning prevention fee. (§§43010.1 and 43011.1)**
- 6. Authorizes the Board to release otherwise confidential information obtained from a tank operator's supplier to the tank owner responsible for payment of the underground storage tank fee. (§50159)**

In addition to the Board-sponsored provisions, this bill clarifies the Board's authority to seize the cigarettes targeted last year by SB 2134. This provision authorizes the Board to seize cigarettes which are stamped, but are sold in defiance of the restriction on the selling of "for export only" cigarettes in California. This change allows the Board to enforce the current restriction on "for export only" cigarettes in a manner consistent with the seizure provisions on all other illegally distributed cigarettes in California. This provision was sponsored by the California Distributors Association.

Sponsor: California Distributors Association

Law Prior to Amendments (cigarette seizure provision):

Under current law, Section 30436 authorizes the Board to seize cigarettes not contained in packages to which the California cigarette tax stamp is affixed or tobacco products upon which the surtax has not been paid, if the seller is not authorized to sell such unstamped cigarettes or ex-tax tobacco products. Upon seizure, those items become the property of the state.

Current Section 30163 of the Cigarette and Tobacco Products Tax Law prohibits the affixing of any stamp or meter impression to any package of cigarettes unless that package complies with all requirements of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. Sections 1331-1341) for the placement of labels, warnings, or any other information upon a package of cigarettes that is to be sold within the United States. This section requires the Board to revoke the license of any distributor who affixes a stamp or meter impression upon these “export only” cigarettes.

Background:

The current restriction on the distribution of “for export only” cigarettes was amended into Section 30163 last year by Senate Bill 2134 (Ch. 292) and sponsored by the California Distributors Association. The sponsor’s asserted that these “for export only” cigarettes, which are marketed by American cigarette manufacturers for foreign markets, were smuggled back into California and have become associated with export fraud, smuggling, and organized crime. Their bill was intended to deter the increasing volume of contraband cigarettes sold in California.